

Big plans for Panama

Panama's Airport City and Aerotropolis Ambitions

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Central America has lagged behind other regions of the world in airport city and aerotropolis development. This is about to change.

A major new initiative is underway in Panama to catapult the region to the forefront of such airport-linked development. This initiative will leverage Panama's strategic location between North and South America and its rapidly expanding and modernizing hub airport to drive commercial development on airport property and its surrounding areas.

Panama's Tocumen Airport

Panama, of course, is best known for its famous canal connecting the Atlantic and Pacific Oceans. Some 14,000 ships carrying 12 million containers and 300 million tons of cargo traverse the Panama Canal each year, accounting for 5 percent of world trade. When the US\$5.25 billion canal expansion is completed in 2014, cargo flows will substantially increase.

There is another important infrastructure story in Panama that is gaining global attention. This is Tocumen International Airport which serves as the hub of one of the world's

fastest growing and most successful airlines, Copa, whose aircraft widely connect Panama to North, South, and Central America as well as the Caribbean. Copa's international route structure, (180 flights to 55 destinations in 27 countries) is the most extensive in the region. These routes are complemented by over 20 other airlines serving Tocumen from Europe and the Americas.



Image 1: Tocumen Airport with Copa's Hub

Tocumen, with two active runways of 10,007 ft. and 8,799 ft., is located 15 miles (23 km) from downtown Panama City via a speedy toll road. In 2010, the airport handled 6.1 million passengers and approximately 30 tons of cargo, averaging double-digit growth rates for

the past five years. Its passenger and cargo traffic are both forecasted to double in the next five years.

Since 2003 the airport has been operated by Tocumen SA, a private company whose shares are 100-percent owned by the Panamanian government. The company commenced significant airport expansion and modernization projects in 2006, which continue to this day.

The first phase involved expanding the main passenger terminal by 21,000 square meters (226,000 sq. ft.). Fourteen old boarding gates were replaced with 28 modern ones, including 6 remote positions. At the same time, terminal facilities were substantially upgraded and new baggage-handling and flight information systems introduced.

This initial phase also involved redesign and renovation of the original cargo terminal. New cargo buildings were built, as well.

The second phase, started in 2008, is scheduled for completion in September 2011. It involves the construction of a new north passenger terminal and related infrastructure which will add 12 gates, bringing Tocumen's total to 40.

This new terminal will house 15,000 square feet of commercial space supplementing a wide variety of retail outlets in the main terminal ranging from convenience item shops to fashionable boutiques. All are duty-free.

Once the new north terminal and supporting platforms are operational in Fall 2011, work will commence on a new south terminal which will provide 20 further gates along with supporting aeronautical and commercial infrastructure. The US\$300 million south terminal will add a further 30,000 square feet to Tocumen's commercial space. There will also be a cargo

facility constructed nearby to facilitate more efficient transfer of cargo and express packages from passenger aircraft.

A team of consultants from the International Civil Aviation Organization (ICAO) is currently preparing a 30-year master plan for Tocumen. In addition to addressing future aeronautical infrastructure and facility needs, including significant upgrades to Tocumen's cargo area, special attention is being given to planning an airport city that will be developed on 300 acres near the main runway.

The objective of the ICAO master plan is to not only make Tocumen a world-class passenger and air logistics hub but also position its airport city as a central component of a greater Panama Aerotropolis.

Office buildings, hotels, and meeting facilities are being proposed to anchor the airport city along with retail and consumer services that will complement those in Tocumen's passenger terminals. Commercial facilities will be developed by the private sector under concessions with Tocumen SA and via joint ventures between developers and the airport company.



Image 2: Tocumen Airport City

Panatropolis

An even more ambitious airport-linked development is quickly moving along adjacent to Tocumen. Known as Panatropolis, this 2,000+ acre logistics, commercial, and residential complex is being sponsored and initially financed by Inmobiliaria Sol Brillante, a group of leading Panamanian businessmen and developers. Over US\$100 million has already been invested in land acquisition, site preparation, engineering, and design work.

The master plan, prepared by Miami-headquartered Bermello Ajamil & Partners, calls for 4 phases of aerotropolis development over a 40-year period. Zones include an international business center, a large logistics and industry park, trade and exhibition facilities, a hotel and

convention complex, shopping, leisure, and entertainment areas, mixed-use commercial areas, and residential areas containing ample green space to foster community, family, and recreational activities.



Image 3: Panatropolis Development Zones

Following aerotropolis principles (www.aerotropolis.com), Panatropolis’ strategy is to fully leverage Tocumen Airport to support the efficient operation of international corporations and Panama businesses as well as offer services and amenities for business travelers, tourists, and residents.

The first phase will be focused on developing 330 acres planned for logistics, distribution, and light manufacturing along with the international business center and selected residential areas. Structures dedicated to value-adding logistics activities (labeling, testing, sequencing, kitting, pick and pack, etc.) will complement those dedicated to time-critical manufacturing and distribution, contributing to Tocumen's air logistics hub objectives.

The International Business Center composed of office complexes, business-oriented hotels, meeting, trade and exhibition facilities will further Panatropolis' business hub ambitions. To the extent possible, these facilities will be developed to reinforce rather than compete with commercial facilities being planned for Tocumen's Airport City.



Image 4: Panatropolis Skyline

Residential parcels will be developed with a variety of housing types ranging from large single-family units in gated communities to townhouses and condominiums near the business

center. Mixed-use residential units will be located along boulevards with commercial space on the ground floor and housing on higher floors.

Upscale shops and restaurants, cafes, pubs and nightlife venues will line these boulevards which are designed with wide pedestrian sidewalks and for a relaxing ambiance. Educational functions are also envisioned in institutional clusters along these boulevards.

The business model for Panatropolis is to offer private developers free-hold land plots of a minimum of 6 acres with all infrastructure and utilities in place. The developers will build on the plots in accordance with master plan guidelines. In some cases, the master developer might joint venture with the private developers for mutual benefit.

Looking Ahead

Taken together, Tocumen Airport City and Panatropolis represent a significant commencement of what is being promoted as “The Aerotropolis of the Americas.”

Substantially more open land exists adjacent to these two projects offering further aerotropolis development potential. While all key ingredients for success appear to be in place, much work and investment remain to translate their promising plans into reality.

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